

**AGREEMENT BETWEEN TEMPLETON COMMUNITY SERVICES
DISTRICT AND JAVAD N. SANI AND PARVIN NAHVI,
CONCERNING THE ACQUISITION OF A WATER STORAGE TANK SITE AND
ASSOCIATED PIPELINE AND RIGHT-OF-WAY EASEMENTS**

This Agreement is made this 28th day of February, 2005, in Templeton, County of San Luis Obispo, California, by and between Templeton Community Services District, a public entity ("Grantee"); and Javad N. Sani and Parvin Nahvi, husband and wife (hereinafter collectively referred to as the "Grantors").

WITNESSETH:

WHEREAS, the Grantors own certain property near Templeton, San Luis Obispo County, California, having San Luis Obispo County Assessor's Parcel Nos. 040-261-008 and 040-261-009 and consisting of approximately 92 acres ("Grantors' Property");

WHEREAS, Grantee is planning a water storage tank and associated water pipeline project ("Water Storage Tank Project");

WHEREAS, the Grantee desires to acquire easements affecting Grantors' Property for a water storage tank, and associated pipeline and right-of-way;

WHEREAS, the Grantors are willing to convey such easements to the Grantee in exchange for certain commitments of water and sewer service to Grantors' Property and other consideration; and

WHEREAS, in exchange for receiving the above-referenced easements in Grantors' Property, Grantee is willing to provide certain commitments of water and sewer service to Grantors' Property and other consideration pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grantors' Agreement to Convey Easements for Water Storage Tank, and Associated Pipeline and Right-of-Way.

In exchange for the consideration to be provided by Grantee, as set forth in this Agreement, and pursuant to the terms and conditions of this Agreement, Grantors agree to convey the following to the Grantee:

(a) A permanent, nonexclusive easement affecting approximately 1.33 acres of Grantors' Property for a water storage tank, the approximate location of such easement is shown on Exhibit A attached hereto and incorporated herein by this reference, and the exact location and description of which shall be determined by the Grantee pursuant to a survey and related work and shall be approved by Grantors which approval shall not be unreasonably withheld. The Grantee, at its sole cost, shall provide Grantors with the exact legal description of the water storage tank easement to be conveyed by Grantors to Grantee.

(b) A twenty (20) foot-wide permanent, nonexclusive easement, approximately 2,200 feet in length, upon, across, over and under Grantors' Property to construct, operate, maintain, repair, replace and improve a road for ingress and egress to the water storage tank site, the approximate location of which easement is shown on Exhibit B attached hereto and incorporated herein by this reference, and the exact location and description of which shall be determined by the Grantee pursuant to a survey and related work and shall be approved by the Grantors, which approval shall not be unreasonably withheld. The Grantee, at its sole cost, shall provide Grantors with the exact legal description of said permanent easement to be conveyed by Grantors to Grantee. Grantors, their employees, agents, guests, independent contractors, successors and assigns shall have the right to use the roadway constructed by Grantee. Grantee shall be responsible for its costs to maintain, repair, replace and improve the roadway; provided that Grantors, and their successors and assigns, shall promptly repair any damage to the roadway caused by their use or use by their employees, guests, agents or independent contractors. Grantors reserve the right, at their sole cost, to install, maintain, repair and replace a locked gate at the point of access to said roadway from Vineyard Drive and shall provide Grantee with keys or the combination for the lock to said gate.

(c) A twenty (20) foot-wide permanent, nonexclusive easement, approximately 1,300 feet in length, upon, across, over and under Grantors' Property for the installation, construction, operation, maintenance, repair, replacement and improvement of a water pipeline and telephone, power and other utility lines, along with ingress and egress to carry out said purposes, the approximate location of which easement is shown on Exhibit C attached hereto and incorporated herein by this reference, and the exact location and description of which shall be determined by the Grantee pursuant to a survey and related work and shall be approved by Grantors, which approval shall not be unreasonably withheld. The Grantee, at its sole cost, shall provide Grantors with the exact legal description of said permanent easement to be conveyed by Grantors to Grantee.

(d) Thirty (30) foot-wide temporary working easements associated with each of the permanent easements described in subparagraphs (b) and (c) for purposes of construction and installation of the roadway and facilities described in those subparagraphs. The approximate locations of such temporary working easements are shown in Exhibit D attached hereto and incorporated herein by this reference. The exact locations of said temporary working easements shall be determined by the Grantee pursuant to a survey and related work and shall be approved by Grantors, which approval shall not be unreasonably withheld. The Grantee, at its sole cost, shall provide Grantors with the exact legal descriptions of said temporary working easements to be conveyed by Grantors to Grantee.

All utility lines to the water storage tank site shall be installed underground.

2. Grantee's Agreement to Provide Water Service Commitment to Grantors' Property and/or Other Property of Grantors.

(a) In consideration for the conveyance of the easements for the water storage tank, and associated water pipeline and right-of-way, and pursuant to the terms and conditions of this Agreement, Grantee:

- (i) at the close of escrow, shall issue a will serve commitment for nineteen (19) water units of use for utilization on Grantors' Property and/or on property within Grantee's boundaries in which Grantors own at least a one-third interest and such interest was acquired through a cash payment of the fair market value for said interest in the property (hereinafter referred to as

“Grantors’ Other Property”), satisfactory evidence of which must be provided to the Grantee. No hook-up fees shall be imposed by Grantee on the utilization of such units of use. Such units of use must be utilized within seven (7) years after the close of escrow described in paragraph 4, as such period may be extended pursuant to subparagraph (b) below, in connection with applications for water service at Grantors’ Other Property or in connection with a commitment(s) of service for any final subdivision map or other development of Grantors’ Property and/or Grantors’ Other Property approved by San Luis Obispo County within said period of time. If such water units of use are not so utilized, said will serve commitment shall terminate and Grantee shall pay Grantors the sum of \$3,642 for each unused unit of use within thirty (30) days after the expiration of said seven (7) year period or the expiration of any approved extension thereof. At any time after issuance of the aforesaid will serve commitment and until its expiration, Grantors shall have the right to relinquish any water units of use not then utilized and in consideration of such relinquishment, shall be paid by Grantee the sum of \$3,642 for each relinquished water unit of use. The will serve commitment described in this subparagraph (a)(i) cannot be used for Grantors’ Property unless the San Luis Obispo County Local Agency Formation Commission (“LAFCO”) approves an application to annex Grantors’ Property to Grantee as described in paragraph 29.

- (ii) at the close of escrow, shall issue a will serve commitment for nineteen (19) sewer units of use for utilization on Grantors’ Property and/or on Grantors’ Other Property. Said will serve commitment shall terminate seven (7) years after the close of escrow described in paragraph 4, as such period may be extended pursuant to subparagraph (b) below, as to any such units of use which are not required within said period of time for applications for sewer service at Grantors’ Other Property or for a commitment(s) of service for any final subdivision map or other development of Grantors’ Property or Grantors’ Other Property approved by San Luis Obispo County within said period of time. In the event of any such termination, the sewer units of use

not so required shall be forfeited to the Grantee. Grantors shall not be compensated for any sewer units of use forfeited as a result of the termination of the will serve commitment. As to any sewer units of use which are required for a subdivision or other development of Grantors' Property and/or Grantors' Other Property as approved by the County of San Luis Obispo, Grantee's then prevailing sewer hook-up fees for such required units of use shall be paid by Grantors, their successors and assigns, to Grantee within fifteen (15) days after such County approval; provided that for one (1) year from the effective date of this Agreement, the sewer hook-up fee per unit of use shall be \$5,441.00. As to any sewer units of use which are utilized in connection with applications for sewer service at Grantors' Property and/or Grantors' Other Property, where sewer hook-up fees have not been previously paid, such fees shall be paid at the time of the application for service at the then prevailing sewer hook-up fee; provided that for one (1) year from the effective date of this Agreement, the sewer hook-up fee per unit of use shall be \$5,441.00. Interest shall accrue at the legal rate on any fees not timely paid. The will serve commitment described in this subparagraph (a)(ii) shall provide that it cannot be utilized for Grantors' Property unless LAFCO approves the application to annex Grantors' Property to Grantee as described in paragraph 29.

(b) If San Luis Obispo County has not approved a final subdivision map or other development of Grantors' Property and/or Grantors' Other Property within seven (7) years after the close of escrow described in paragraph 4, then Grantors may request two extensions from Grantee for up to three (3) years each on the period of time within which to secure such approval before the will serve commitments described in subparagraphs (a)(i) and (ii) above will expire, and Grantee shall approve any such request if Grantors have diligently pursued County approval and such lack of approval has been outside of Grantors' control. The second extension request may be made only upon expiration of the first extension.

(c) Except as specifically provided above and in the above-mentioned will serve commitments, water and sewer service to Grantors' Property, Grantors' Other Property, or any portion thereof shall be subject to all Grantee rules, regulations, ordinances, rates, fees, assessments and charges that apply to Grantee water and sewer service. Each applicant for service shall be responsible, at the applicant's expense, to install any and all facilities necessary to connect to Grantee's main transmission pipelines and obtain service therefrom; provided, however, that Grantee shall permit one connection to the water pipeline leading from the water storage tank to be located on Grantors' Property in order to provide water service to Grantors' Property. Such connection shall be at Grantors' expense and made in accordance with Grantee standards and specifications. If any facilities constructed by an applicant are to be owned and operated by the Grantee, such as any mainline extension, Grantee and Grantors or, as applicable, their successors, heirs, executors, lessees, agents or assigns, shall execute the Grantee's standard mainline extension agreement respecting such facilities, inclusive of but not limited to a mainline extension, which agreement shall contain Grantee's standard reimbursement provision.

3. Escrow.

An escrow shall be opened by the Grantee to consummate the conveyance of the water storage tank, water pipeline and right-of-way easements according to the terms of this Agreement at the office of First American Title Insurance Company (hereafter referred to as the "Escrow Holder") located at 6895 Morro Road, Atascadero, California 93422. Written escrow instructions consistent with the terms of this Agreement shall be prepared jointly, and the instructions shall be signed by the parties. The instructions shall be delivered by the Grantee to the Escrow Holder. The Grantee and the Grantors also shall timely deposit with the Escrow Holder all instruments, documents and other items identified in the escrow instructions or reasonably required by the Escrow Holder to close escrow. To the extent any such instructions are inconsistent with this Agreement, the terms of this Agreement shall control.

4. Close of Escrow.

The escrow shall be closed on the date that the Easement Agreement conveying the water storage tank, water pipeline and right-of-way easements is recorded ("Closing Date"). If escrow has not closed within three (3) years from the date first above written, Grantors shall have the right to terminate this Agreement upon giving Grantee written notice. Termination shall occur thirty (30) days after the date of such notice if escrow has not closed by such date. Grantors shall be responsible for all costs and fees of the escrow officer in the event of such termination. Neither party shall have any obligation to the other upon such termination.

Provided the Escrow Holder has received the will serve commitments referenced in subparagraphs (a) (i) and (ii) of paragraph 2 from the Grantee, the conveyance of the water storage tank, water pipeline and right-of-way easements shall be closed on the Closing Date in accordance with the following:

(a) Grantee shall deposit the will serve commitments referenced in subparagraphs (a) (i) and (ii) of paragraph 2 and instruct the Escrow Holder to deliver to Grantors said will serve commitments.

(b) Grantors shall convey the water storage tank, water pipeline and right-of-way easements free and clear of all title defects, trust deeds, liens, encumbrances, conditions, covenants, restrictions and other adverse interests of record or known to Grantors, subject only to those exceptions approved by the Grantee in writing prior to the close of escrow pursuant to the provisions of paragraph 5.

(c) The Escrow Holder will record the Easement Agreement for the water storage tank, water pipeline and right-of-way easements, and then deliver the will serve commitments referenced in subparagraphs (a) (i) and (ii) of paragraph 2 to Grantors.

Except for costs and fees specifically addressed elsewhere in this Agreement, Grantors and Grantee shall share equally in other costs and fees of the Escrow Holder relating to the escrow, except that Grantors shall pay the cost of any fees charged for the subordination of any deeds of trust, liens or similar instruments shown on the preliminary title report, and shall pay the cost to clear other title

3730/A0131052sak

defects consistent with paragraph 5. If escrow fails to close for any reason other than by reason of a breach of this Agreement by Grantors, Grantee shall pay any escrow cancellation fees and charges, except as otherwise provided herein. If escrow fails to close as a result of a breach of this Agreement by Grantors, the Grantors shall pay any escrow cancellation fees and charges.

5. Preliminary Title Report.

The Grantee, at its cost, shall obtain a preliminary American Land Title Association Report of the title to the Grantors' Property, and shall obtain each document shown as an exception or encumbrance in the report. The cost thereof shall be borne by the Grantee. Within 35 days after the delivery of the report and all related documents to the Grantee, the Grantee shall notify the Grantors in writing of any objection to any exception therein. The Grantee's failure to object in this manner to any exception shall be an approval by the Grantee of that exception. If Grantee objects to an exception to title, then Grantors, at their option, may either (a) cause the exception to be subordinated to the easements before the Closing Date, or (b) obtain an appropriate endorsement to the Title Policy insuring against the objectionable exception.

6. Possession on Close of Escrow.

Grantors shall deliver possession of the water storage tank, pipeline and right-of-way easement areas to Grantee on the Closing Date, free and clear of all uses and occupancies.

7. Condition Precedent to Grantee's Obligation to Proceed With Close of Escrow.

It shall be a condition precedent to Grantee's obligation to proceed with the close of escrow that Grantee shall: (a) have obtained those federal, state, county, municipal and other governmental approvals deemed necessary by Grantee in order to proceed with the Water Storage Tank Project and to consummate the acquisition of the water storage tank, water pipeline and right-of-way easements for the purposes intended by Grantee; and (b) complete the necessary environmental review for the Water Storage Tank Site Project. Grantee hereby warrants and represents that it shall use due diligence to obtain said necessary approvals and complete said environmental review. In the event Grantee fails to

3730/A0131052sak

obtain all necessary approvals or fails to complete the necessary environmental review, Grantee shall have the right to terminate this Agreement, and neither party shall thereafter have any obligations to or rights against the other hereunder.

8. Warranties.

The Grantors represent, warrant and covenant for the benefit of the Grantee that:

(a) The Grantors have the full right, title, power and interest to convey the water storage tank, water pipeline and right-of-way easements to the Grantee under the terms of this Agreement, and said easements are free and clear of any liens, licenses, claims, encumbrances, easements, other adverse interests and to the best knowledge of the Grantors, encroachments on said easements from adjacent properties, encroachments by improvements on said easements onto adjacent properties and rights-of-way of any nature, not disclosed by the public record.

(b) No claim, right of action, or litigation is pending or, to the best knowledge of the Grantors, threatened, which in any way affects the easement areas, or the Grantors' authority, right and power to execute and perform the terms of this Agreement. Grantors shall give Grantee prompt notice of the institution of any such action of which they become aware prior to the close of escrow.

(c) The Grantors have no knowledge of any violations of, or notices concerning defects or non-compliance with, any applicable statute, regulation, rule, code, ordinance, judicial order, or judicial holding pertaining to the easement areas.

(d) No unrecorded leases, uses or occupancies affecting the easement areas now or at any time prior to close escrow will exist, or if any such leases, uses or occupancies now exist, the same at the Grantors' sole effort and expense will be cancelled, amended, modified, or terminated, as applicable, so as to be of no continuing effect on the Grantee or the easement areas before close of escrow or at any time thereafter.

(e) The Grantors are not in default under any contract, note or encumbrance relating to Grantors' Property.

(f) While the Grantors have owned Grantors' Property, they have not used, generated, stored, or disposed of any hazardous materials on or adjacent to the easement areas.

(g) violates or shall violate any contract, document, understanding, agreement or instrument to which Grantors are a party or by which Grantors are bound.

(h) There is no claim against any portion of the easement areas for or on account of work done, materials furnished or utilities supplied to Grantors' Property.

(i) During the term of this Agreement, Grantors shall not subject those portions of Grantors' Property affected by the easements to be conveyed by Grantors to Grantee pursuant to subparagraphs 1(a) through (d) hereof ("District Portions") to, or permit the District Portions to be subjected to, any new mortgage, deed of trust, lien, encumbrance, claim, charge, equity, covenant, condition, restriction, easement, right-of-way or other similar matter affecting the District Portions, or modification to such existing items, without the prior written consent of Grantee.

(j) Except as to that Deed of Trust recorded on February 28, 2002, as Instrument No. 2002-016192 of the Official Records of the San Luis Obispo County Recorder's office, there are no other outstanding liens or rights of third parties to acquire any interest in the District Portions or any portion thereof, nor are there any outstanding agreements of sales, options, contracts or other obligations for the sale, exchange or transfer of the District Portions or any portion thereof or otherwise relating to the District Portions.

9. Survival of Warranties.

Any covenants, warranties, representations and agreements that this Agreement does not require to be fully performed prior to the close of escrow shall survive the close of escrow and shall be fully enforceable after the close of escrow in accordance with their terms.

10. Indemnification.

(a) Grantors shall defend, indemnify and hold harmless Grantee, its officers, directors, employees and agents from and against any loss, liability, lien, claim, expense or damage of whatsoever character or kind caused by Grantors in connection with their ownership of Grantors' Property or their activities or operations thereat.

(b) Grantee shall defend, indemnify and hold harmless Grantors from and against any loss, liability, lien, claim, expense or damage of whatsoever character or kind caused by Grantee in the

3730/A0131052sak

construction and installation of the water storage tank, roadway, pipelines and utility lines, and in the operation and use of the water storage tank and road and utility easements, and shall provide that Grantors be named as additional insureds on Grantee's general liability insurance policy with respect to said construction and installation.

11. Access.

The Grantors grant to the Grantee, and the Grantee's employees, independent contractors and agents, the right, at any time and from time to time after the effective date of this Agreement, to enter the Grantors' Property to conduct tests, studies, or investigations provided that:

(a) The acts of Grantee shall be conducted at the sole cost and expense of the Grantee, and Grantee shall not allow and shall promptly remove any liens recorded against Grantors' Property resulting from Grantee's activities;

(b) The acts of Grantee do not unreasonably interfere with the Grantors' possession;

(c) The Grantee shall indemnify and hold the Grantors harmless from any cost or liability resulting from the acts of Grantee or its employees, independent contractors or agents and for damage to Grantors' Property resulting from said acts; and

(d) The Grantee shall give the Grantors notice of an intention to enter two (2) days prior to the date of the planned entry.

Upon request by Grantors, Grantee shall provide copies of any reports provided to Grantee by Grantee's environmental consultant as a result of any studies, tests and investigations conducted by such consultant pursuant to this paragraph 11.

12. Successors and Assigns.

This Agreement shall be binding on and inure to the benefit of the successors, heirs, executors, agents, lessees, assigns and grantees of the respective parties ("Successors and Assigns"), except that no assignment or transfer of this Agreement, or any part thereof or interest therein, voluntary or involuntary, by any party shall be valid unless and until approved by the other party in writing, which

3730/A0131052sak

approval shall not be unreasonably withheld. Any sale, conveyance or other transfer of Grantors' Property to a Successor and Assign shall include in such transfer, the will serve commitments issued pursuant to paragraphs 2(a)(i) and (ii) and the water and sewer units of use described therein which have not already been utilized pursuant to the provisions of said paragraphs 2(a)(i) and (ii). Grantors shall have the right to lease, hypothecate, sell, assign, convey or otherwise transfer all or portions of Grantors' Property so long as the assignee, transferee, lessee or other person seeking an interest in Grantors' Property agrees to be bound by the terms and conditions of this Agreement by entering a separate contract with Grantee which so provides.

13. Landscaping for, and Uses of, Water Storage Tank Site.

Grantee shall mitigate the visual view of the water storage tank with the planting of trees and other vegetation pursuant to a landscaping plan prepared by Grantee and approved by Grantors which approval shall not be unreasonably withheld. The water storage tank site shall be used for a water storage tank and incidental Grantee uses, including but not limited to the storage of supplies, materials and equipment needed to provide water service to Grantors' Property and neighboring properties. Grantee shall not install any pumps at the water storage tank site; and the pump installed within the vicinity of the intersection of Vineyard Drive and Bethel Road shall be installed underground in a vault.

14. Contents of Easement Agreement.

The Easement Agreement conveying the water storage tank, water pipeline and right-of-way easements shall be in the form attached hereto as Exhibit E and incorporated herein by this reference.

The Easement Agreement shall provide that Grantee will defend, indemnify and hold harmless Grantors from and against any loss or liability of whatsoever character or kind caused by Grantee in the construction and installation of the water storage tank, the roadway, pipelines, and utility lines, and in the operation and use of the water storage tank, the roadway, pipelines and utility lines.

15. Paved Road.

Grantors shall have the right to install, widen, improve and upgrade the road as installed by Grantee to meet all applicable County subdivision standards, and subject to the terms of paragraph 1(b) and Exhibit E, Grantors shall have the nonexclusive continuing right to utilize the nonexclusive access easement area described in paragraph 1(b) and said road constructed by Grantee and any additional or widened roadway as so installed, widened, improved, and upgraded by Grantors to provide access to all of Grantors' Property and to all lots established by subdivision of Grantors' Property.

In the event that Grantors install and construct a paved road through Grantors' Property, including but not limited to over and through the easement described in paragraph 1(b), as part of their development of such property, and such road provides access to Grantee's water storage tank, Grantee shall reimburse Grantors a share of the total costs of the installation and construction of such road. Such share shall be equivalent to the percentage derived from dividing twenty (20) by the total width of the installed paved road. Grantors shall provide Grantee with a written itemization of the construction and installation costs. In the event that the paved road installed by Grantors is not a San Luis Obispo County road, then Grantors shall convey a permanent, nonexclusive easement to Grantee for the use of such road to access its water storage tank. Whereupon and if such paved road is not constructed within and adjacent to Grantee's road constructed within the easement described in paragraph 1(b), Grantee shall abandon its road and reconvey its said easement to Grantors. If the paved road installed by Grantors is private, not a County road, and Grantee uses it, then Grantors, their Successors and Assigns, and each of them, shall be responsible for eighty percent (80%) of the costs to maintain, repair and replace the road, and Grantee shall be responsible for twenty percent (20%) of such costs. Grantors, their Successors and Assigns, shall perform any needed repair, maintenance and replacement, and bill Grantee for its share of the costs which shall be paid within thirty (30) days after receipt of such bill.

16. Entire Agreement.

This Agreement is freely and voluntarily entered into by the parties after having the opportunity to consult with their respective attorneys. This Agreement and the attached exhibits constitute the entire agreement between the parties relating to the subject matters hereof. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. The parties, in entering into this Agreement, do not rely on any inducements, promises, or representations made by each other, their representatives, or any other person, other than those inducements, promises, and representations contained in this Agreement. Any amendment to this Agreement shall be of no force or effect unless it is in writing and signed by the Grantee and the Grantors. Each individual executing this Agreement represents that he or she is duly authorized to enter into its terms and conditions and to execute it on behalf of the party represented.

17. Waiver of Rights.

Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

18. Remedies Not Exclusive.

The use by either party of any remedies specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

19. Attorney's Fees.

In the event that any arbitration, litigation or other action or proceeding of any nature between the Grantors and the Grantee becomes necessary to enforce or interpret all or any portion of this Agreement or because of an alleged breach by either party of any of the terms hereof, it is mutually

3730/A0131052sak

agreed that the losing or defaulting party shall pay the prevailing party's reasonable attorney's fees, costs, expert witness fees, and other expenses incurred in connection with the prosecution or defense of such action or proceeding.

20. Headings.

The paragraph headings used in this Agreement are for reference only, and shall not in any way limit or amplify the terms and provisions hereof, nor shall they enter into the interpretation of this Agreement.

21. Cooperation.

Each party to this Agreement agrees to do all things that may be necessary, including, without limitation, the execution of all documents which may be required hereunder, in order to implement and effectuate this Agreement.

22. Notices.

Any notice, tender, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered, mailed, or sent by wire or other telegraphic communication in the manner provided in this paragraph, to the following persons:

1. If to Grantee:
Templeton Community Services District
420 Crocker Street
P.O. Box 780
Templeton CA 93465
2. If to the Grantors:
Javad N. Sani and Parvin Nahvi
2550 Vineyard Drive
Templeton, CA 93465

Either party may change that party's address for these purposes by giving written notice of the change to the other party in the manner provided in this paragraph. If sent by mail, any notice, delivery or other communication shall be effective or deemed to have been given three (3) days after it has been deposited in the United States mail with postage prepaid, and addressed as set forth above. If sent by wire or other form of telegraphic communication, any notice, delivery or other communication shall be effective or deemed to have been given eight (8) hours after it has been deposited with Western Union or other carrier, prepaid and addressed as set forth above. If delivered personally, any such notice, delivery or other communication shall be effective or deemed to have been given on the date of delivery.

23. Interpretation of this Agreement.

The parties acknowledge that each party and its attorney have reviewed, negotiated and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the transactions contemplated by this Agreement.

24. Other Mutual Promises.

The parties agree:

- a. That each party is to bear its own costs and attorney's fees incurred in connection with the negotiation, preparation and execution of this Agreement.
- b. That this Agreement is made and entered into in the State of California, and shall in all respects be interpreted, enforced and governed under the laws of the State of California. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.
- c. That the parties hereby agree and acknowledge that they will not make any claim at any time or place that this Agreement has been orally altered or modified or otherwise changed by oral communication of any kind or character.

25. Grantors' Conduct and Rights Prior to Closing.

Until the close of escrow, Grantors shall comply with the following:

(a) Grantors shall pay for all services, labor and work performed and all material furnished at Grantors' request or on Grantors' behalf, and there shall be no claim for which a mechanic's, materialman's, or similar lien can be claimed by any person or firm against the District Portions as a result of any act of Grantors.

(b) Grantors shall not take any actions constituting waste of the District Portions, and shall not excavate, mine, or otherwise materially alter the District Portions.

(c) Grantors shall not enter into any lease, occupancy, tenancy, or license agreement affecting the District Portions, without Grantee's prior written consent.

(d) Grantors shall not incur any obligations or liabilities or enter into any transactions that will affect title to the District Portions without the prior written consent of Grantee. This consent shall not be unreasonably withheld.

While escrow is pending, and upon and after close of escrow, Grantors reserve and have the continuing right to lease or sell, enter into sales or option agreements, enter into joint ventures and/or partnerships or development agreements for future subdivisions, rezoning, development, sale and lease of Grantors' Property; provided that any said sale, lease, option or development agreement shall be subject to the terms of this Agreement, and that those parties contracting with Grantors agree, by the terms of their agreement with Grantors and an agreement with Grantee, that transactions affecting Grantors' Property are subject to the terms of this Agreement and will not adversely affect Grantors' ability to convey the water storage tank, road, pipeline and utility easements to Grantee, as required in this Agreement. It is understood by the parties hereto that Grantors shall not be required to disclose the terms of an agreement to sell, an option to purchase or a development agreement except to substantiate that the party with whom Grantors are contracting has agreed to be bound by the terms of this Agreement.

Notwithstanding any provision in this Agreement to the contrary, Grantors shall have the right to submit applications to San Luis Obispo County for the subdivision and rezoning of the Grantors'

3730/A0131052sak

Property and for other approvals needed to facilitate the subdivision or other development of such property.

26. Mutual Representations and Warranties.

Each of the parties to this Agreement makes the following representations and warranties to the other party:

(a) The persons who have executed this Agreement have been authorized to do so by the party on whose behalf the party is signing. All documents to be delivered under this Agreement shall be executed by an authorized person. Each party has a good and legal right to enter into this Agreement and to perform all covenants of that party contained in this Agreement.

(b) None of the warranties, representations, or statements made by any party in this Agreement contain any untrue statements of material fact or omit a material fact necessary in order to make the statements not misleading. All representations and warranties of any party shall be true on and as of the close of escrow with the same force as though made on and as of the close of escrow.

27. Indemnified Parties.

Any indemnification contained in this Agreement for the benefit of a party shall extend to the officers, directors, employees, and agents of the party.

28. Third-Party Rights.

Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors, heirs, executors and assigns, any rights or remedies under or by reason of this Agreement.

29. Annexation of Grantors' Property to Grantee.

At any time after the date first above written, Grantors may apply or petition to annex Grantors' Property to Grantee. Grantee shall approve such application or petition subject to Grantee standard terms and conditions, and shall cooperate in obtaining approval for such annexation by LAFCO. Grantors, at their cost, shall be responsible for obtaining LAFCO approval of the annexation application. Grantors shall deposit the sum of \$1,000 with Grantee to cover any LAFCO fees and the Grantee's estimated costs associated with such application, including but not limited to legal, administrative, engineering and environmental costs. If, at the conclusion of the application process, the Grantee incurred costs less than the total deposited, then the Grantee shall reimburse the difference without interest. If the Grantee incurred costs in excess of the total deposited, then it shall provide an itemized bill to Grantors for such excess. The bill shall be paid within thirty (30) days after its date. Interest shall accrue on any late amount at the legal rate. The annexation shall not become effective until all such costs and any interest have been paid in full.

30. Term and Termination.

This Agreement shall become effective on the date first above written and shall remain in effect until terminated as provided in this Agreement. Prior to the close of escrow, the Grantee may terminate this Agreement for whatever reason and at any time. The Grantee shall give the Grantors written notice of such termination which shall be effective on the date of the notice. The Grantee shall have no further obligations under this Agreement, except that Grantee shall be obligated for all costs of the Escrow Holder consistent with paragraph 4. In the event that this Agreement is terminated as provided herein, the party so terminating shall record a notice thereof with the San Luis Obispo County Recorder's office within ten (10) days after the termination date.

31. Recordation.

Within ten (10) days after the execution of this Agreement, the Grantors and Grantee shall execute a Memorandum of Agreement referring to this Agreement, which shall be recorded by Grantee. The Grantee shall be responsible for any recording costs.

32. Grantee Sewer Service to Grantors' Property.

(a) If San Luis Obispo County approves any subdivision or other development of Grantors' Property with a condition that sewer service therefor be provided by Grantee, then, upon annexation of the Grantors' Property to the Grantee, Grantors, their Successors and Assigns, shall apply for sewer service from the Grantee in connection with any such development, shall comply with, and be subject to, all applicable ordinances, rules, regulations, rates, charges, fees and assessments of the Grantee governing sewer service including without limitation the payment of sewer hook-up fees, and shall be subject to the provisions of subparagraphs (c) and (d) below; provided that after the close of escrow described in paragraph 4, the Grantee shall be committed to provide sewer service for nineteen (19) sewer units of use in accordance with the will serve commitment described in subparagraph (a)(ii) of paragraph 2.

(b) Upon annexation of Grantors' Property to the Grantee and after the close of escrow described in paragraph 4, any then existing residences, buildings or other structures built thereon requiring sewer service shall be connected to the Grantee's sewer system if so required by San Luis Obispo County. Such connection shall be in accordance with, and shall be subject to, the terms and conditions of the will serve commitment described in subparagraph (a)(ii) of paragraph 2. Grantee sewer service to such property also shall be subject to the provisions of subparagraphs (c) and (d) below and to the same ordinances, rules, regulations, rates, charges, fees and assessments as apply to other properties within Grantee, including without limitation the payment of sewer hook-up fees in connection with will serve commitments and applications for service.

(c) If sewer service to Grantors' Property is approved by Grantee, Grantors, and their Successors and Assigns, at their cost, shall be responsible for any and all sewer facilities necessary to

3730/A0131052sak

connect any residences, buildings or other structures built on such property to the Grantee's sewer system.

(d) With respect to any sewer facilities needed to provide sewer service to the Grantors' Property that will be owned by the Grantee, including but not limited to a sewer mainline extension, the Grantee and Grantors or, as applicable, their Successors and Assigns, shall execute the Grantee's standard mainline extension agreement respecting such facilities which agreement shall contain Grantee's standard reimbursement provision.

33. Effect of Agreement Upon Termination.

This Agreement is not to be construed to establish a price or fair market value as to the property interests sought herein by the Grantee or to waive any rights that Grantors or Grantee have pertaining to condemnation without this Agreement in the event that Grantee or Grantors elect to terminate this Agreement.

34. Disclosure of Records.

Grantee shall provide Grantors with copies of studies prepared by Grantee in connection with its improvements on Grantors' Property which may be relevant to the rezoning and subdivision of such property or its annexation to Grantee, so long as such studies are public records and not covered by exceptions to disclosure under the Public Records Act.

35. Creation of Parcel for the Water Storage Tank Site Out of Subdivision Approved for Property; Grantee Application for a Public Lot.

As part of any subdivision of the Property, Grantors, their Successors and Assigns, shall request the creation of a lot covering the easement for the Water Storage Tank ("Water Storage Tank Lot"). Upon recordation of the final subdivision map for the Property, Grantors, their Successors and Assigns, shall convey by grant deed the Water Storage Tank Lot to the Grantee without charge, and free and clear of any liens, trust deeds or other adverse encumbrances.

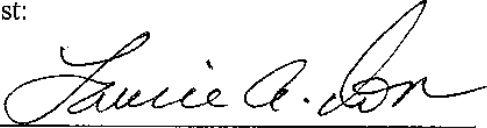
At any time after the close of escrow described in paragraph 4, Grantee shall have the right to apply to San Luis Obispo County for the creation of a public lot covering the Water Storage Tank Lot. Grantee shall be solely responsible for all costs associated with such application and its processing. Grantors shall fully cooperate with Grantee with respect to such application and shall execute all documents associated therewith. Upon County approval of the public lot application, Grantors shall convey by grant deed the Water Storage Tank Lot to the Grantee without charge, and free and clear of any liens, trust deeds or other adverse encumbrances.

IN WITNESS WHEREOF, this Agreement is executed on the date first above written as follows:

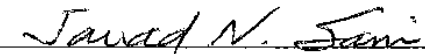
TEMPLETON COMMUNITY SERVICES DISTRICT


By: 
President, Board of Directors

Attest:

By: 
Secretary, Board of Directors

GRANTORS

By: 
Javad N. Sani

By: 
Parvin Nahvi

ATTACHMENT 8

NOV-17-2003 MON 04:56 PM TEMPLETON CSD

FAX NO. 4344820

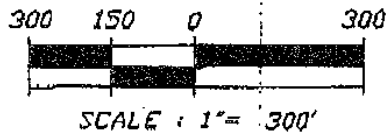
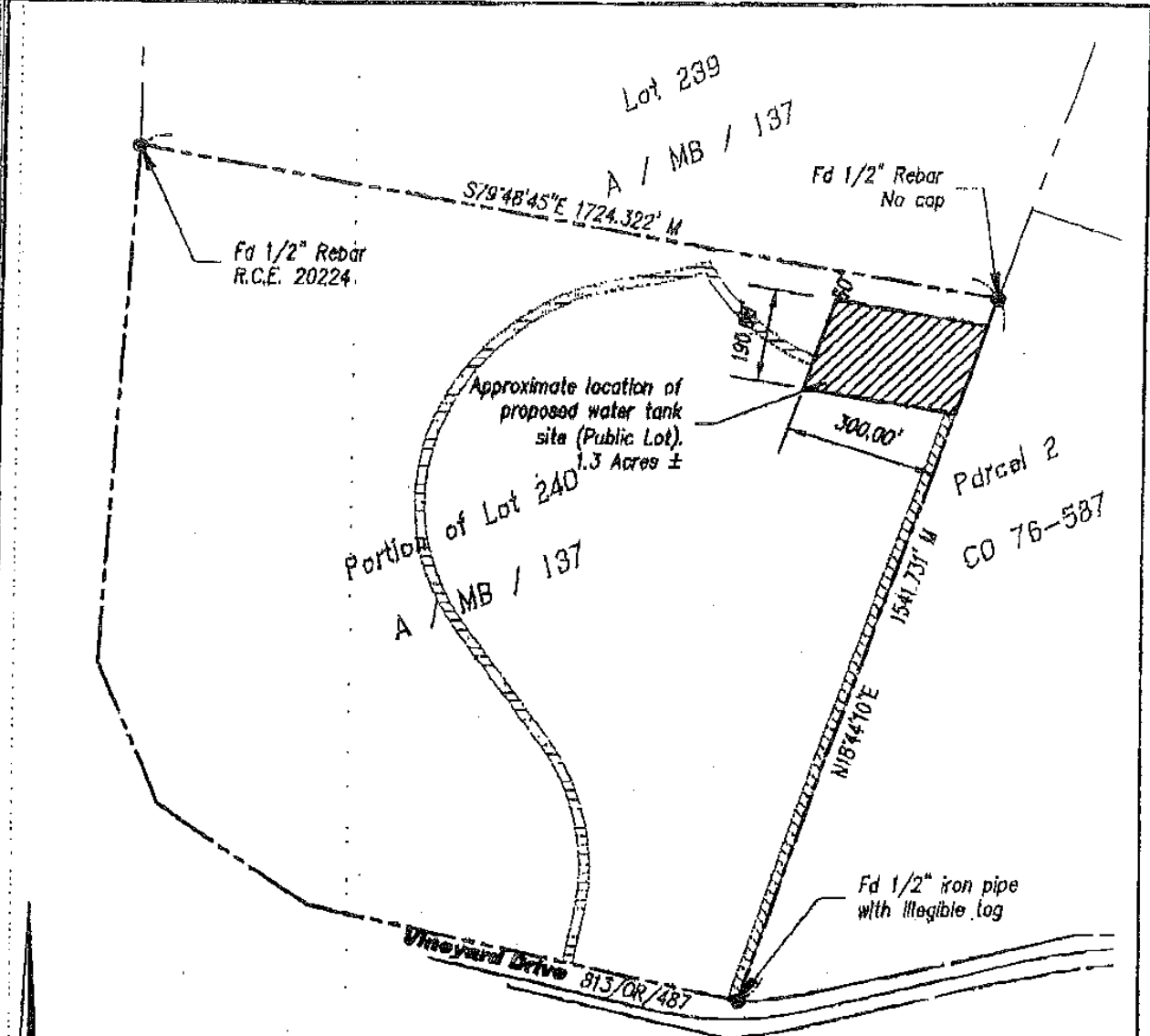
P. 02

SENT BY: ;

0000000;

NOV- 03 16:58;

PAGE 2



Portions of Lot 240 of the resubdivision of Lots 78, 79, 83, 84, 85, 86, 87, 88, 91, 93, 94, 95, 96, 97, 98, 99, 100 and 102 of the Rancho Paso de Robles, surveyed by H.C. Word, July 1886, in the county of San Luis Obispo, State of California, according to map recorded in Book A, page 137 of Maps, in the Office of the County Recorder of said County.

John L. Wallace & Associates
Civil Engineering - Surveying - Planning
4115 South Broad Street, Suite: B5
San Luis Obispo, California 93401
Tel (805)544-4011 Fax (805)544-4294

Exhibit "A"
Water Tank Site
County of San Luis Obispo

DRAWING: Environment Exhibit.dwg
JOB No.: 198.23
SCALE: 1" = 300'
DATE: 11/17/03

ATTACHMENT 8

NOV-17-2003 MON 04:56 PM TEMPLETON CSD

FAX NO. 4344820

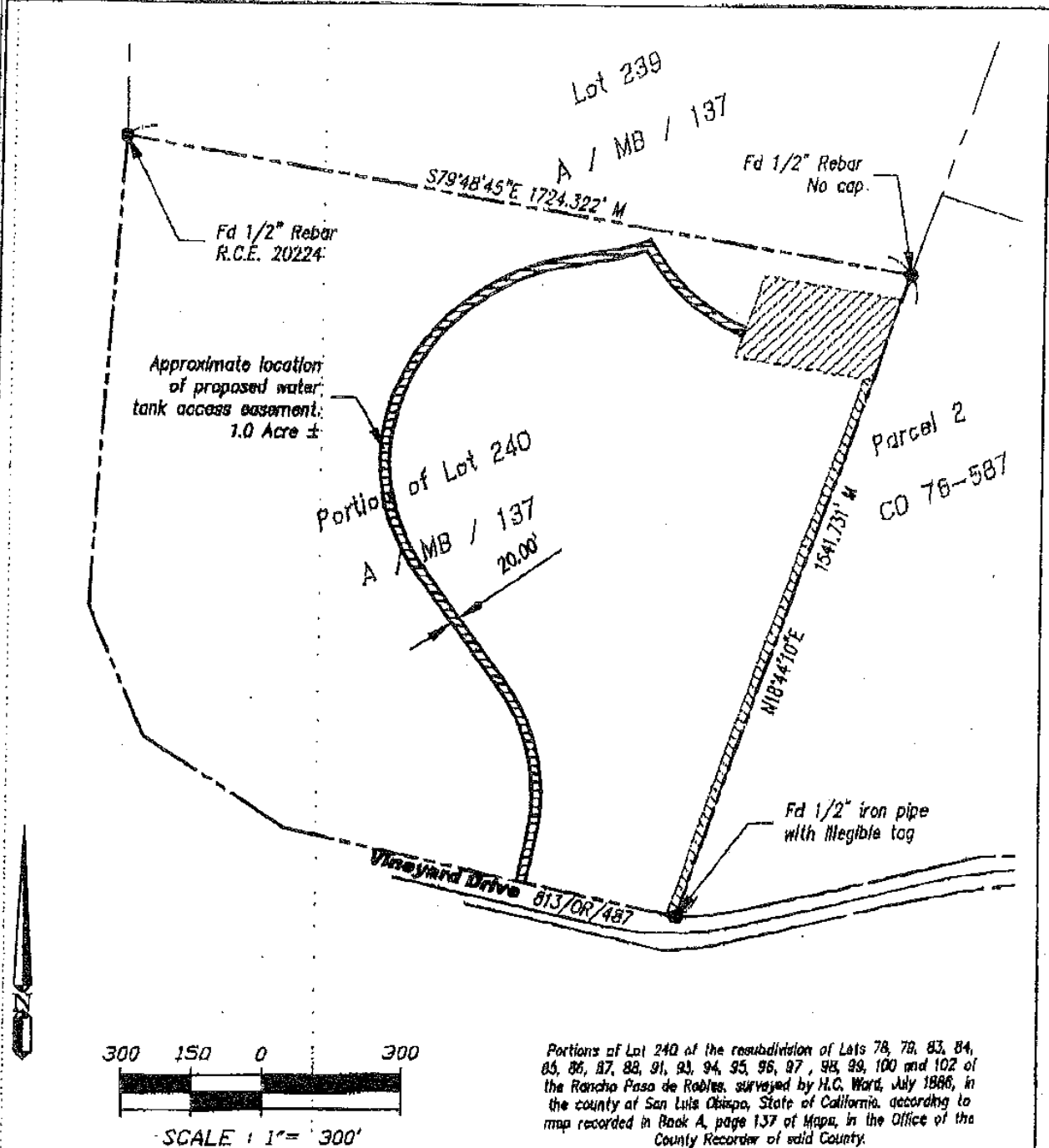
P. 03

SENT BY: ;

0000000;

NOV- 03 16:56;

PAGE 3/5



John L. Wallace & Associates
 Civil Engineering - Surveying - Planning
 4115 South Broad Street, Suite B5
 San Luis Obispo, California 93401
 Tel (805)544-4011 Fax (805)544-4284

Exhibit "B"
Water Tank Access Easement
 County of San Luis Obispo

DRAWING: Easement Easement
 JOB No.: 198.23
 SCALE: 1" = 300'
 DATE: 11/14/03

ATTACHMENT 8

NOV-17-2003 MON 04:56 PM TEMPLETON CSD

FAX NO. 4344820

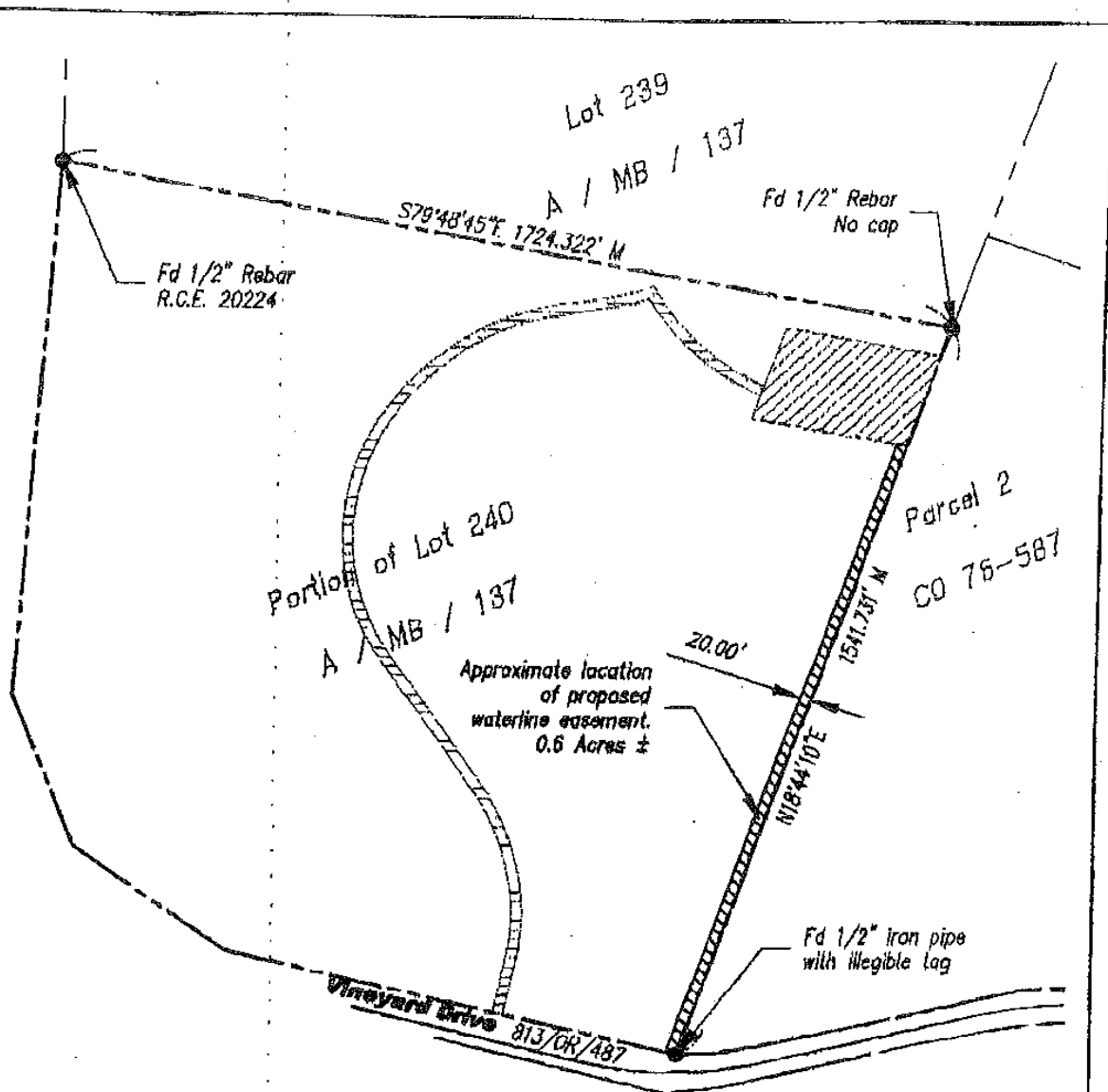
P. 04

SENT BY: ;

0000000;

NOV- 03 16:56;

PAGE 4/5



300 150 0 300



SCALE : 1" = 300'

Portions of Lot 240 of the resubdivision of Lots 78, 79, 83, 84, 85, 86, 87, 88, 91, 93, 94, 95, 96, 97, 98, 99, 100 and 102 of the Rancho Paso de Robles, surveyed by H.C. Ward, July 1886, in the county of San Luis Obispo, State of California, according to map recorded in Book A, page 137 of Maps, in the Office of the County Recorder of said County.

John L. Wallace & Associates
 Civil Engineering - Surveying - Planning
 4715 South Broad Street, Suite B5
 San Luis Obispo, California 93401
 Tel (805)544-4011 Fax (805)544-4294

Exhibit "C"
Waterline Easement
 County of San Luis Obispo

DRAWING : E:\current\Drawn\000
 JOB No. : 188.23
 SCALE : 1" = 300'
 DATE : 11/14/03

ATTACHMENT 8

NOV-17-2003 MON 04:57 PM TEMPLETON CSD

FAX NO. 4344820

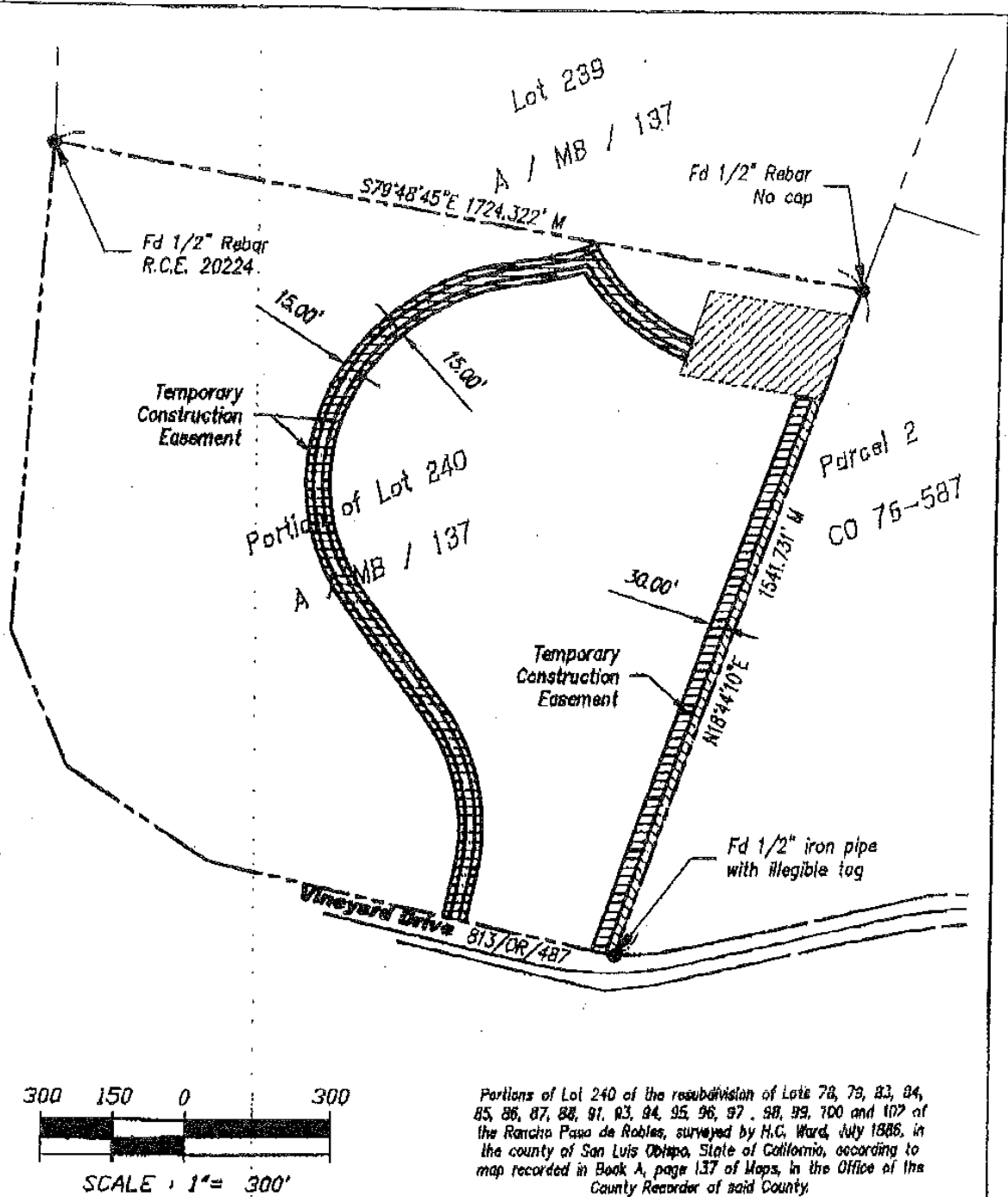
P. 05

SENT BY: ;

00000000;

NOV 03 16:56;

PAGE 5/5



John L. Wallace & Associates
 Civil Engineering - Surveying - Planning
 4115 South Broad Street, Suite A5
 San Luis Obispo, California 93401
 Tel (805)344-4011 Fax (805)344-4284

Exhibit "D"
Temporary Construction Easement
 County of San Luis Obispo

DRAWING : Easement Exhibit.dwg
 JOB No. : 188.23
 SCALE : 1" = 300'
 DATE : 11/17/03